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SOUTHERN DISTRICT OF CALIFORNIA

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

IRORI TECHNOLOGIES, INC.,

CASE NO. 13-CV-2647-BEN (NLS)

Plaintiff,

**ORDER GRANTING MOTION TO
DISMISS**

vs.
LUMINEX CORPORATION,

[Docket No. 13]

Defendant.

Before this Court is a Motion to Dismiss filed by Defendant Luminex Corporation (Luminex). (Docket No. 13). For the reasons stated below, the Motion is **GRANTED**.

BACKGROUND

Plaintiff Irori Technologies (Irori) is owner by assignment of U.S. Patents No. 6,372,428; No. 6,416,714; and No. 6,352,854 (collectively, "Patents"), all entitled "Remotely Programmable Matrices With Memories." (Compl. ¶ 2) The Patents are directed to techniques for using encoded beads for, among other applications, individually tracking molecules during chemical synthesis, in molecular assays, or in high throughput screening. (*Id.* ¶ 6). Irori claims that these techniques are useful in activity such as drug discovery and clinical diagnosis. (*Id.*) Irori states that the Patents contain claims directed to combinations, apparatus, and methods for employing and otherwise implementing the patented techniques. (*Id.* ¶ 7).

Irori asserts that Luminex is a "leading developer, manufacturer and supplier of

1 biological testing technologies with applications throughout the diagnostic and life
2 science industries.” (*Id.* ¶ 9). Luminex allegedly produces “xMAP” and “xTAG”
3 technologies that enable large numbers of biological tests or bioassays to be conducted
4 and analyzed quickly, cost-effectively, and accurately. (*Id.*) Irori contends that the
5 xMAP and xTAG technologies incorporate the technologies and utilize the methods
6 developed by Irori, and disclosed and claimed in the Patents. (*Id.* ¶ 11).

7 On November 1, 2013, Irori filed a Complaint alleging that Luminex was
8 infringing the Patents by making, using, offering for sale, selling and/or importing
9 devices, apparatus, supplies, consumables, and other items covered by claims in the
10 Patents. (*Id.* ¶ 12). For each of the Patents, Irori included “by way of example” a
11 “representative and preliminary claim chart showing how products, devices and other
12 technologies made, sold, offered for sale, used or imported” infringed the patent in
13 violation of 35 U.S.C. § 271(a). (*Id.* ¶ 12; Ex. D, E, F). Irori also asserted willful
14 infringement (*id.* ¶ 13), contributory infringement (*id.* ¶ 14), and inducement (*id.* ¶ 15),
15 as will be discussed below.

16 On January 9, 2014, Luminex filed a Motion to Dismiss, claiming that the
17 Complaint fails to state a claim for inducement, contributory infringement, or willful
18 infringement.

LEGAL STANDARD

Under Federal Rule of Civil Procedure 12(b)(6), dismissal is appropriate if, taking all factual allegations as true, the complaint fails to state a plausible claim for relief on its face. FED. R. CIV. P. 12(b)(6); *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 556-57 (2007); *see also Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (requiring plaintiff to plead factual content that provides “more than a sheer possibility that a defendant has acted unlawfully”). Under this standard, dismissal is appropriate if the complaint fails to state enough facts to raise a reasonable expectation that discovery will reveal evidence of the matter complained of, or if the complaint lacks a cognizable legal theory under which relief may be granted. *Twombly*, 550 U.S. at 556. The Federal

1 Circuit agrees that a motion to dismiss for failure to state a claim upon which relief can
 2 be granted is governed by the law of the regional circuit. *See K-Tech Telecommc'ns,*
 3 *Inc. v. Time Warner Cable, Inc.*, 714 F.3d 1277, 1282 (Fed. Cir. 2013)

4 DISCUSSION

5 I. Willful Infringement

6 Luminex asserts that Irori has failed to adequately allege willful infringement.
 7 “Infringement is willful when the infringer was aware of the asserted patent, but
 8 nonetheless acted despite an objectively high likelihood that its actions constituted
 9 infringement of a valid patent.” *i4i Ltd. P'ship v. Microsoft Corp.*, 598 F.3d 831, 860
 10 (Fed. Cir. 2010) (citation and internal quotation marks omitted), *aff'd*, 131 S. Ct. 2238
 11 (2011).

12 What a plaintiff must allege to satisfy *Twombly* and *Iqbal* in the context of
 13 willful infringement remains somewhat murky. *See Sony Corp. v. LG Elecs. U.S.A.,*
 14 *Inc.*, 768 F. Supp. 2d 1058, 1064 (C.D. Cal. 2011) (noting a “lack of complete

15 uniformity” in district court decisions). A “bare recitation of the required legal
 16 elements for willful infringement” or a “mere allegation, without more,” that
 17 Defendants knew of the patents-in-suit will not survive a Rule 12(b)(6) motion.
Pacing Tech., LLC v. Garmin Intern., Inc., No. 12-CV-1067, 2013 WL 444642, at *3
 (S.D. Cal. Feb. 5, 2013) (citing *Robert Bosch Healthcare Sys., Inc. v. Express MD*

20 *Solutions, LLC*, No. C 12-00068, 2012 WL 2803617, at *3 (N.D. Cal. July 10, 2012)).

21 In assessing whether the pleading requirements for knowledge have been met, courts
 22 have required plaintiffs to allege sufficient facts for the court to infer that the
 23 defendants had knowledge of the patents and that their products infringed on those
 24 patents. *See Rembrandt Social Media, LP v. Facebook, Inc.*, 950 F. Supp. 2d 876, 884
 25 (E.D. Va. 2013); *Trading Tech. Intern. Inc. v. BCG Partners, Inc.*, No. 10C715, 2011

26 WL 3946581, at *3 (N.D. Ill. Sept. 2, 2011). However, courts have denied motions
 27 to dismiss where the patentee couples an allegation of direct infringement with “the
 28 barest factual assertion” of knowledge. *See Medtrica Solutions, Ltd. v. Cygnus Med.*,

1 LLC, No. C 12-538, 2012 WL 5726799, at *1–2 (W.D. Wash. Nov. 15, 2012); *Avocet*
 2 *Sports Tech., Inc. v. Garmin Int'l, Inc.*, No. C 11-04049, 2012 WL 2343163, at *3
 3 (N.D. Cal. June 5, 2012).

4 The only statement in the Complaint specifically addressing willful infringement
 5 is Irori's assertion that: "Luminex has been on notice of the '428, '714, and '854
 6 Patents and IRORI's claims of infringement, and, for at least this reason, Luminex's
 7 infringement is believed to be willful." (*Id.* ¶ 13). Review of the Complaint indicates
 8 that Luminex provides no factual allegations to support the allegation that Luminex
 9 was on notice.

10 In its Opposition, Irori contends that these allegations are sufficient. (Opp'n at
 11 4). However, Irori also sets out additional factual allegations which it asserts it could
 12 incorporate into the complaint by amendment. (*Id.*)

13 Irori also argues that post-filing knowledge is sufficient to meet the knowledge
 14 requirement for post-filing infringement. (*Id.*) The Federal Circuit has stated that
 15 patent infringement is an ongoing offense that can continue after litigation commences.
 16 *In re Seagate Tech., LLC*, 497 F.3d 1360, 1374 (Fed. Cir. 2007). However, a patentee
 17 needs a good-faith basis for alleging patent infringement in the original complaint,
 18 which must "necessarily be grounded exclusively in the accused infringer's pre-filing
 19 conduct." *Id.*

20 As currently pled, Irori states only a conclusory allegation of knowledge without
 21 even the barest factual assertion to support its allegation. Accordingly, the willful
 22 infringement claims are **DISMISSED WITHOUT PREJUDICE**. Plaintiff is given
 23 leave to amend.

24 II. Indirect Infringement

25 Luminex claims that the Complaint fails to adequately plead two types of
 26 indirect infringement: induced infringement and contributory infringement. Indirect
 27 infringement requires 1) an underlying act of direct infringement by a third party, and
 28 2) at least knowledge by the alleged indirect infringer that the act constitutes patent

1 infringement. *See In re Bill of Lading Trans. & Proc. Sys. Patent Litig.*, 681 F.3d
 2 1323, 1333, 1339 (Fed. Cir. 2012); *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S.Ct.
 3 2060, 2068 (2011).

4 A. Induced Infringement

5 Irori's assertion of inducement appears in only two places in the Complaint.
 6 Irori states that "Luminex's direct infringement, contributory infringement, and
 7 inducement to infringe have been willful and have deliberately injured and will
 8 continue to injure IRORI unless and until the Court enters an injunction . . ." (Compl.
 9 ¶ 15). Inducement is mentioned again in the request for an injunction in the prayer for
 10 relief. (*Id.* at 5).

11 "Whoever actively induces infringement of a patent shall be liable as an
 12 infringer." 35 U.S.C. § 271(b). "To prove inducement, the patentee must show direct
 13 infringement, and that the alleged infringer knowingly induced infringement and
 14 possessed specific intent to encourage another's infringement." *i4i Ltd. P'ship*, 598
 15 F.3d at 851 (internal quotation marks omitted). To induce infringement, a defendant
 16 must have "actively and *knowingly* aided and abetted another's direct infringement."
 17 *DSU Med. Corp. v. JMS Co., Ltd.*, 471 F.3d 1293, 1305 (Fed. Cir. 2006) (internal
 18 quotation marks omitted). To survive a motion to dismiss, a complaint must allege
 19 sufficient facts "for the Court to *infer* that the defendants had knowledge of [plaintiff's]
 20 patents and that their products infringed on those patents." *DR Sys., Inc. v. Avreo, Inc.*,
 21 No. 11-cv-932, 2012 WL 1068995, at *2 (S.D. Cal. Mar. 29, 2012) (quoting *Trading*
 22 *Techs. Int'l, Inc.*, 2011 WL 3946581, at *3).

23 Luminex asserts three deficiencies in Irori's induced infringement claim.

24 *1. Underlying Act of Third Party Infringement*

25 Luminex contends that Irori fails to adequately allege an underlying act of direct
 26 infringement. In response, Irori points to the exhibits it attached to the Complaint. The
 27 exhibits are described in the body of the complaint as examples of how products,
 28 devices and other technologies made, sold, offered for sale, used or imported into the

1 United States by Luminex infringe the Patents. (Compl. ¶ 12). The paragraph of the
2 complaint discusses violations of 35 U.S.C. § 271(a), which outlaws direct
3 infringement, but makes no reference to either 35 U.S.C. § 271(b) (inducement) or §
4 271(c) (contributory infringement).

5 The exhibits cite to several website addresses, but do not state who runs each
6 website, what can be found on these websites, or why each website address has been
7 included. Some of the websites apparently belong to vendors and laboratories that use
8 accused Luminex technology. Irori contends that it is sufficient that the exhibits
9 contain links to vendor websites, identifying entities who are allegedly directly
10 infringing Irori's patents. (Opp'n at 5-6). It states that, on the websites, the vendors
11 identify Luminex, describe the Luminex technology, and state their relationship to
12 Luminex. Irori contends that Luminex "therefore must have deliberately and
13 knowingly licensed these infringing technologies to these entities." (Opp'n at 6-7).

14 Irori's Complaint includes references in exhibits which a defendant could use to
15 investigate and discover information that would allow one to infer an underlying act
16 of third party infringement. However, the website addresses are not labeled or
17 explained, and one must separately visit the listed websites to determine what each link
18 might say about Luminex products. Irori explains in the Opposition that these links
19 identify specific entities that are directly infringing its patent, but Irori does not clearly
20 make these allegations in the Complaint. The body of the Complaint and the exhibits
21 do not indicate that these links would allow a defendant to discover facts that could
22 support third party infringement. One reading the Complaint might easily interpret the
23 addresses as mere citations explaining the technology.

24 Irori points to one instance in which an exhibit cites Luminex's claim that
25 Luminex provides methods and licenses users of Luminex technology to develop and
26 make available methods using the Luminex technology. (Compl., Ex. E, at 5).
27 However, this is provided as a description of how Luminex technology may satisfy the
28 requirements of one of the Patents, as part of an exhibit demonstrating how Luminex

1 has violated 35 U.S.C. § 271(a).

2 Irori need not identify a specific direct infringer to state a claim for direct
 3 infringement, if it pleads facts sufficient to allow an inference that at least one direct
 4 infringer exists. *In re Bill of Lading*, 681 F.3d at 1336. Although careful scrutiny of
 5 all exhibits and investigation of all links ultimately reveals information that may
 6 support claims that third parties are using Luminex technology, Irori fails to clearly
 7 allege underlying acts in the pleadings. As it is unclear from the pleadings whether
 8 Plaintiff is alleging underlying acts of third party infringement, the claim must be
 9 dismissed on this ground.

10 2. *Knowledge*

11 Luminex also contends that Irori fails to plead any facts establishing that
 12 Luminex had knowledge prior to filing of the Complaint. Review of the Complaint
 13 confirms that Irori made a conclusory allegation that Luminex had knowledge, and did
 14 not plead any facts from which this Court could reasonably infer Luminex had
 15 knowledge. Irori contends that such facts are not required, but presents facts which it
 16 alleges are sufficient to demonstrate pre-suit knowledge.

17 As Irori did not plead any facts from which this Court could infer Luminex had
 18 knowledge prior to the filing of the Complaint, the claim must be dismissed on this
 19 ground. Although post-filing knowledge may suffice to allow a plaintiff to state a
 20 claim for post-filing inducement, Irori does not allege such knowledge and provides
 21 no basis to conclude that any knowing inducement has already taken place. *See*
 22 *Unisone Strategic IP, Inc. v. Life Tech. Corp.*, No. 13-CV-1278, 2013 WL 5729487,
 23 at *3 (S.D. Cal. Oct. 22, 2013); *Pacing Tech., LLC v. Garmin Intern., Inc.*, 2013 WL
 24 444642, at * 2.

25 3. *Intent*

26 Finally, Luminex contends that Irori failed to adequately allege the requisite intent
 27 to induce infringement. A complaint must plead facts that plausibly show that the
 28 defendant specifically intended its customers to infringe the patent and know that the

1 customer's acts constituted infringement. *See In re Bill of Lading*, 681 F.3d at 1339.
 2 Given that Irori has not pled sufficient facts to allow this Court to infer knowledge or
 3 underlying acts of infringement, the Complaint as currently pled does not allow this
 4 Court to infer this specific intent.

5 **B. Contributory Infringement**

6 Irori alleged in the Complaint that Luminex "has been and is contributorily
 7 infringing" the Patents by "offering to sell or selling within the United States or
 8 importing into the United States at least one component of the products that constitute
 9 a material part of the invention . . . knowing the same to be especially made or
 10 especially adapted for use in an infringement of such patents." (Compl. ¶ 14). Irori
 11 provided no other factual allegations regarding the contributory infringement.

12 Federal law provides that:

13 Whoever offers to sell or sells within the United States or imports into the
 14 United States a component of a patented machine, manufacture,
 15 combination or composition, or a material or apparatus for use in
 16 practicing a patented process, constituting a material part of the invention,
 17 knowing the same to be especially made or especially adapted for use in
 18 an infringement of such patent, and not a staple article or commodity of
 19 commerce suitable for substantial noninfringing use, shall be liable as a
 20 contributory infringer.

21 35 U.S.C. § 271(c).

22 As with induced infringement, Luminex must state sufficient facts from which
 23 this Court could infer that there was direct infringement and knowledge. *See In re Bill*
of Lading, 681 F.3d at 1333, 1337. Similar to induced infringement, Luminex contends
 24 that Irori fails to allege sufficient facts regarding knowledge of infringement or
 25 identifying underlying acts of a third party. There are no additional factual allegations
 26 in the Complaint with regard to contributory infringement that would allow this Court
 27 to infer either knowledge or third-party infringement. Irori's conclusory allegation of
 28 the elements of the statute will not suffice. Accordingly, the contributory infringement
 allegations must be dismissed.

29 ///

30 ///

CONCLUSION

Irori's claims for inducement, contributory infringement, and willful infringement are **DISMISSED WITHOUT PREJUDICE**. Irori is granted leave to amend. If Irori chooses to file an amended complaint, it must do so within **21 days** of the date this Order is filed.

IT IS SO ORDERED.

Dated: February 25, 2014

HON. ROGER T. BENITEZ
United States District Judge